GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:6534
ANSWERED ON:08.05.2000
DISMANTLING OF APM FOR PETROLEUM PRODUCTS
MADHAVRAO SCINDIA;SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government are considering to dismantle the administered price mechanism in respect of kerosene, diesel and LPG;

(b) if so, the details thereof; and

(c) the extent to which it is likely to help bridge and overcome the budget deficit in 1999-2000 and the ensuing years?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b): Yes, Sir. Government, in November, 1997, decided to dismantle the Administered Pricing Mechanism in a phased manner. The said decision, inter alia, includes the following:-

(i) That, the subsidy on Kerosene for public distribution would be brought down to 33.33% of the import parity price by the year 2001-02.

(ii) That, the subsidy on LPG (packed domestic) would be brought down to 15% during the year 2000-01.

(iii) That, the price of diesel would continue to be fixed on the principle of import parity as per Cabinet decision of 01-09-1997.

(c): Consequent to the recent upward revision in the ex-storage point prices of kerosene for public distribution, LPG (packed domestic) etc., it is estimated that the oil pool would benefit by about Rs.5,400 crores in a year.